

**MINUTES OF THE
COMMERCE AND WORKFORCE SERVICES
APPROPRIATIONS SUBCOMMITTEE**
Room S210, Senate Building, State Capitol Complex
January 28, 2009

MEMBERS PRESENT: Sen. David Hinkins, Co-Chairman
Rep. Michael Morley, Co-Chairman
Sen. Karen Mayne
Rep. Jim Bird
Rep. Susan Duckworth
Rep. Jim Dunnigan
Rep. Lynn Hemingway
Rep. Brian King
Rep. Ryan D. Wilcox

MEMBERS EXCUSED: Sen. Dan Liljenquist

STAFF PRESENT: Danny Schoenfeld, Fiscal Analyst
Karen Mitchell, Committee Secretary

Note: A list of handouts and visitors lists will be filed with committee minutes.

Co-Chair Sen. Hinkins called the meeting to order at 2:14 p.m. Members of the committee introduced themselves and told which area they represent.

MOTION: Rep. Hemingway moved to approve the minutes of January 12, 2009 and January 21, 2009. The motion passed unanimously.

Sen. Hinkins turned the time over to each agency to explain their departments duties to the committee.

Department of Workforce Services

Kristen Cox, Executive Director assisted by George Angerbauer, Division Director, presented a slide overview of their Department. Handouts were also provided. Ms. Cox stated that the Department of Workforce Services strengthens Utah's economy by supporting the economic stability and quality of the workforce.

The Director further explained the seven Management Principles of the Department which are:
1. Customers Come First, 2. Nothing Implements Itself, 3. Good Isn't Good Enough, 4. Listen and Learn, 5. We Must Be Able to Manage an Uncertain Future, 6. Common Sense Isn't Out of Style, and 7. Character Counts.

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The five strategic goals of the Department were discussed stating that they will be the core to their work over the next four years. They include: **Innovation:** Solutions for the future; **Customer Service:** Provide customers with convenient, accessible, responsive and personalized service; **Employee Success:** Develop innovative solutions and find better ways to do work thus creating an environment for employees to succeed; **Prevention:** Help customers achieve stability, early education and employment success to help avoid more social service later on in their lives; **Global Competitiveness:** Help people increase their skills, apply talents and excel in the workplace, Utah will be more competitive in increased global marketplace.

A chart showing the Stake Holder Value of the Department was reviewed by the Director.

At the conclusion of the presentation, Ms. Cox answered questions from committee members.

Department of Alcoholic Beverage Control

Dennis Kellen, Director and John Freeman, Deputy Director provided the committee with facts and figures stating there was a 10% increase in sales over the last year. The Department projects they will sell over 24 million products this coming year. With the increase in needs, they are stocking more products in the warehouse than it was built for.

Mr. Freeman further explained they had opened 4 new stores and remodeled 4 stores doubling their size as well as a new wine store outlet. The new wine store in Salt Lake City that opened in November sold \$1.7 million in product the first month of operation. A slide presentation showing interior pictures of the new and remodeled stores was presented. He further stated that 7 new stores were under construction to be opened this year.

Stating that most of their budget goes to wages and because of the increase in sales and the addition of larger and newer stores, they are asking for 32 addition FTEs to be used in retail outlets only. Research has shown that for every dollar that is cut from their salary and operating budget it reduces profit transfer to the State by nearly three dollars. They further stated the amount of profit that their service provides the States General Fund this year will be \$100 million going into the General Fund, School Lunch program, and Sales Tax.

Labor Commission

Sherrie Hayashie, Labor Commissioner, stated that the commission is a small regulatory agency which tries to be neutral and fair in the way they administer their processes. She explained the Mission Statement of the Department: "Achieving safety in Utah's workplaces and fairness in employment and housing." A slide presentation and handout explained the values, accomplishments of the Department.

The Divisions of the Labor Commission are: Anti-discrimination and Labor, Industrial HIPUtah is the insurance of last resort and covers the sickest of the sick, it provides HIPAA portability and protects the individual insurance market in the state of Utah. Due to this important

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role HIPUtah plays, enrollment and claim costs continue to increase. Because of this trend, the Accidents, Utah Occupational Safety & Health (UOSH), Adjudication, Boiler & Elevator Safety, and Legal Unit/Administration. Each Division and their accomplishments were explained to the committee.

The Commissioner responded to questions from the committee.

Department of Financial Institutions

Ed Leary, Commissioner assisted by Michael Jones, Chief Examiner, explained that the Department supervises and regulates the financial services orientated industries in the state which are: Chartered Commercial Banks, Industrial Banks, Credit Unions, third party payment providers, travelers checks issuers, independent escrow companies, check cashing services, pay day lenders, title lenders, trust companies and mortgage loan service operating in Utah. This Department works closely with the Federal Bank and Credit Union Regulators.

The Commissioner further explained that they are a restricted fund agency, relying exclusively on the funds collected.

Their examiners are cross trained to examine Banks, Credit Unions and other entities that they supervise. He further explained that many of their examiners are being hired by Federal Agencies for a higher wage and better benefits thus depleting their examiners pool.

Mr. Leary explained the changes in Industrial Banks to the committee in response to questions asked in a previous meeting.

Department of Insurance

Kent Michie, Commissioner recognized Neal Gooch, Deputy Commissioner, Mikey Braun, Assistant Commissioner and Doyle Christensen, Budget Director and stated they are all experts and technicians in the Insurance Department. Mr. Michie briefly explained the role of the Insurance Department stating they are a regulatory agency and that the Insurance Industry is healthy. A handout was provided.

Tomi Ossana, Executive Director HIPUtah explained the background of the program. HIPUtah is a state-subsidized, high-risk insurance pool. It provides reasonable access to health insurance for Utahns with serious medical conditions and who are considered uninsurable. The program is operated by a Volunteer Board, Contracted Management and Administration. Their current enrollment is 3,756 enrollees. The Director further explained their performance measures and accomplishments.

HIPUtah Board requests that the Legislature strongly consider its continued support in providing adequate funding for HIPUtah to maintain actuarially-based reserves. This will enable the program to continue providing health insurance coverage to this at-risk population in the state

Director Ossana responded to questions from the committee.

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Public Service Commission

Ted Boyer, Chairman and Julie Orchard, Budget Officer briefed the committee regarding the Commission. Mr. Boyer stated they are a small agency with three appointed commissioners and a staff of twelve. They do not receive funding from General Funds but from a Public Regulatory Fee (PRF) collected from utility customers. They make sure residential, commercial and industrial customers receive reasonably priced services. The Commission oversees electric, natural gas, land lined public utilities and private water companies

They further reported that the utilities are sound and healthy and are earning a fair return.

Mr. Boyer answered questions from the committee.

Department of Commerce

Francine Giani, Executive Director, briefly explained the vision of the Department: The Department of Commerce contributes to the success of Utah businesses, professional and consumers by supporting a favorable economic environment. Handouts were distributed containing further information about the Department. She continued to explain the mission of the Department is to support the public interest by insuring fair commercial and professional practice.

Utah State Office of Rehabilitation

Donald R. Uchida, Executive Director, stated the Agency mission was to assist eligible individuals with disabilities to prepare for and obtain employment, and increase their independence. (Handout) The Director further explained to the committee each Division and their responsibility: Disability Determination Services (DDS), Division of Services for the Deaf and Hard of Hearing (DSDHH), Division of Services for the Blind and Visually Impaired (DSBVI) and Division of Rehabilitation Services (DRS).

MOTION: Rep. Hemingway moved to adjourn. The motion passed unanimously with Sen. Mayne, Rep. Dunnigan, and Rep. Wilcox absent for the vote.

Sen. Hinkins adjourned the meeting at 4:40 p.m.

Sen. David Hinkins, Co-Chair

Rep. Michael Morley, Co-Chair